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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1992

Commission file number 0-8829

BEST COPY
AVAILABLE

Central Fidelity Banks, Inc.

(Exact name of registrant as specified in its charter)

Virginia (State of incorporation)	54-1091649 (I.R.S. Employer Identification No.)
1021 East Cary Street Richmond, Virginia (Address of principal executive offices)	23219 (Zip Code)

(804) 782-4000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class of Common Stock	Outstanding at July 20, 1992
$5 par value	21,983,238 shares

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PART I

FINANCIAL INFORMATION

Item 1. Financial Statements

The consolidated balance sheet of Central Fidelity Banks, Inc. and subsidiaries (the "Company") as of June 30, 1992 and 1991, the related statements of consolidated income and changes in consolidated shareholders' equity for the three-month and six-month periods ended June 30, 1992 and 1991, and the tables entitled "Average Balances and Interest Rates (Taxable Equivalent Basis)," "Interest Sensitivity Analysis," and "Selected Loan Loss Data" contained in the Company's Report to Shareholders for the Second Quarter 1992 (Exhibit 20) are hereby incorporated herein by reference. No other part of said report to shareholders is considered filed herewith except for the aforementioned financial statements and tables.

The consolidated balance sheet as of December 31, 1991, and the statement of consolidated cash flows for the six-month periods ended June 30, 1992 and 1991, are included herein.

The aforementioned interim consolidated financial statements as of June 30, 1992 and 1991, and for the three-month and six-month periods ended June 30, 1992 and 1991, are unaudited and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month and six-month periods ended June 30, 1992 are not necessarily indicative of the results that may be expected for the year ending December 31, 1992 or for any other interim period. For further information, refer to the consolidated financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended December 31, 1991, as amended.

Central Fidelity Banks, Inc. and Subsidiaries

Consolidated Balance Sheet

	December 31, 1991 (In thousands)
Assets	
Cash and due from banks	$ 265,727
Money market investments:	
Federal funds sold and securities purchased under agreements to resell	127,681
Interest-bearing deposits in other banks	85,000
Total money market investments	212,681
Investment securities (market value $1,138,439)	1,098,859
Securities available for sale (market value $1,421,875)	1,381,167
Trading account securities	763
Total loans	3,619,218
Allowance for loan losses	(61,000)
Net loans	3,558,218
Accrued interest receivable	46,622
Premises and equipment, net	138,308
Due from customers on acceptances	16,469
Other assets	87,006
Total assets	$6,805,820
Liabilities	
Deposits:	
Demand	$ 672,195
Savings and other time	4,234,866
Certificates of deposit $100,000 and over	270,964
Total deposits	5,178,025
Short-term borrowings:	
Federal funds purchased and securities sold under agreements to repurchase	985,274
Other short-term borrowings	32,164
Total short-term borrowings	1,017,438
Dividends payable	6,106
Accrued interest payable	20,118
Bank acceptances outstanding	16,469
Accounts payable and accrued liabilities	115,515
Long-term debt	12,590
Capitalized lease obligations	10,136
Total liabilities	6,376,397
Shareholders' Equity	
Preferred stock, none issued	—
Common stock, par value $5 per share, authorized 50,000,000 shares, shares issued 21,810,549	109,053
Capital surplus	60,791
Retained earnings	259,579
Total shareholders' equity	429,423
Total liabilities and shareholders' equity	$6,805,820

Note: In July 1992, after discussions with the Securities and Exchange Commission staff, the Company revised its securities accounting policy, and reclassified $1.2 billion of investment securities to securities available for sale at December 31, 1991. This had no effect on the results of operations for the year ended December 31, 1991, as the reclassified portfolio's aggregate market value exceeded its book value.

STATEMENT OF CONSOLIDATED CASH FLOWS
Central Fidelity Banks, Inc. and Subsidiaries

(In Thousands) For the six months ended June 30,	1992	1991
OPERATING ACTIVITIES		
Net income	$35,616	$29,853
Adjustments to reconcile net income to net cash used by operating activities:		
Provision for loan losses	48,747	17,700
Depreciation of premises and equipment	6,859	6,647
Net amortization of premium and accretion of discount on investment securities and securities available for sale	1,256	345
Gains on securities available for sale	(22,431)	(377)
Deferred income taxes	(7,655)	(991)
(Increase) decrease in accrued interest receivable	(4,785)	2,663
Increase (decrease) in accrued interest payable	(3,117)	1,854
Decrease in trading account securities	314	358
Other, net	(143,317)	(120,626)
Net cash used by operating activities	(88,583)	(62,332)
INVESTING ACTIVITIES		
Purchases of [redacted] securities	(1,179,367)	(597,625)
Proceeds from sales of [redacted] securities	68,809	59,461
Proceeds from maturities and repayments of [redacted] securities	264,445	133,881
Purchases of securities available for sale	(353,726)	(348,867)
Proceeds from sales of securities available for sale	964,544	447,969
Net increase in loans	(135,614)	(107,542)
Purchases of premises and equipment	(6,967)	(8,222)
Proceeds from the disposition of premises and equipment	194	43
Net cash used by investing activities	(377,682)	(420,102)
FINANCING ACTIVITIES		
Net increase in demand, interest checking and regular savings deposits	255,298	55,047
Net increase (decrease) in money market accounts	192,953	(2,552)
Net increase (decrease) in consumer certificates	(14,487)	317,878
Net increase in certificates of deposit $100,000 and over	51,855	107,346
Net decrease in short-term borrowings	(101,196)	(185,225)
Payments on long-term debt and capitalized lease obligations	(429)	(388)
Proceeds from issuance of common stock	4,135	1,946
Cash in lieu of fractional shares for 3-for-2 stock split	—	(76)
Common stock purchased	—	(561)
Cash dividends	(12,234)	(10,924)
Net cash provided by financing activities	375,229	286,891
Decrease in cash and cash equivalents	(90,961)	(195,423)
Cash and cash equivalents at beginning of year	478,408	697,876
Cash and cash equivalents at end of period	387,447	$502,453

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The purpose of this discussion is to address information about the Company's financial condition and results of operations which is not otherwise apparent from the consolidated financial statements and tables incorporated or included in this report. Reference should be made to those statements and tables and other selected financial data incorporated or presented elsewhere in this report for an understanding of the following discussion and analysis.

Results of Operations

Net income for the first six months of 1992 was approximately $35.6 million, 19.1% higher than the $29.9 million net income earned in the first six months of 1991. On a per share basis, net income increased 17.3% to $1.63 from $1.39.

Net interest income for the six months increased 17.8% to $137.4 million from $116.7 million for the corresponding 1991 period. On a tax-equivalent basis, the net interest margin was 4.55% for the six months ended June 30, 1992, up two basis points from 4.53% during the same period in 1991.

Noninterest income totalled $53.9 million, an increase of 71.2% from 1991's $31.5 million. The increase is attributable to $18.6 million greater gains on securities sales, a $1.4 million gain from the sale of the Company's bankcard merchant processing activities, plus increased trust services and related fee income and higher deposit fees and charges.

Noninterest expense for the first six months of 1992 increased 2.8% to $93.8 million, due primarily to a 42.9% increase in FDIC premiums to $5.7 million. The FDIC has proposed further increases in deposit insurance premiums for 1993. A modest increase in personnel expense was offset by tightened control of other discretionary spending and a decline in other real estate expense.

Balance Sheet

Total assets as of June 30, 1992 were $7.1 billion, an increase of 4.5% from December 31, 1991 and 13.0% from June 30, 1991. Total loans at June 30, 1992 were $3.7 billion, or 3.0% and 1.6% higher than at year-end 1991 and June 30, 1991, respectively, reflecting continued weakness in loan demand. Due to strong core deposit growth, total deposits were $5.7 billion at June 30, 1992, an increase of 9.4% from year-end 1991 and 12.9% from June 30, 1991. Shareholders' equity at June 30, 1992 was $456.2 million, or 6.4% of total assets. This was $50.7 million higher than one year earlier when shareholders' equity was also 6.4% of total assets, reflecting the growth in total assets during the past year. Shareholders' equity (book value) per share grew 10.6% from $18.80 at June 30, 1991 to $20.79 at June 30, 1992.

The following table summarizes the composition of the loan portfolio at the dates indicated:

	June 30, 1992		December 31, 1991	
	(In thousands)			
Commercial and commercial real estate	$1,548,365	42%	$1,537,611	43%
Construction	414,274	11	483,026	13
Residential real estate	416,861	11	256,863	7
Consumer second mortgage	395,477	11	377,009	10
Installment	543,913	14	537,258	15
Bank card	407,495	11	427,451	12
Total loans	$3,726,385	100%	$3,619,218	100%

Commercial real estate mortgages totalled approximately $735 million at June 30, 1992. Of this amount, approximately 32% were owner-occupied premises. Apartments and multi-family buildings represented approximately 19%, office buildings approximately 16%, hotels/motels approximately 9%, retail/wholesale outlets approximately 8%, office warehouses and flex space approximately 8%, and shopping centers approximately 6% of total commercial real estate mortgages.

Construction loans totalled $414.3 million at June 30, 1992. Of this amount, approximately 62%, or $255 million, were loans tied to residential use, including $151 million related to land acquisition and development for residential properties and $78 million related to the construction of single family residences. See "Asset Quality."

Asset Quality

Nonperforming assets as of June 30, 1992 were $116.2 million, or 3.09% of loans and foreclosed properties, compared to $69.2 million, or 1.90% of loans and foreclosed properties, at December 31, 1991, and $84.5 million, or 2.29% of loans and foreclosed properties, at June 30, 1991. A $22.5 million commercial credit relationship with a real estate developer accounted for substantially all of the increase in nonperforming assets for the quarter ended March 31, 1992. A $5.7 million commercial credit and two residential real estate credits totalling $21.1 million produced substantially all of the increase for the quarter ended June 30, 1992. Charge-offs of $7.5 million were made against these three credits during the second quarter of 1992. All these credits were in the Company's Northern Region, reflecting the continued weakness in real estate sales and values in northern Virginia.

Market developments in late 1991 and in early 1992 in northern Virginia indicated the possibility of improved sales of residential real estate in the Spring of 1992. Despite the relatively low interest rate environment, favorable prices and an increase in sales during the first quarter of 1992, improvements in sales volumes have not been broad or sustained. During the second quarter of 1992, the Company conducted an extensive review of all credits over $500,000 and all real estate credits graded substandard or lower. The Bank also has been obtaining and updating appraisals on various real estate credits. Nonperforming loans and charge-offs have increased in 1992, especially real estate credits in the Company's Northern Region, which have received greater management attention and effort. As sluggish economic conditions likely may persist during the remainder of 1992, further deterioration in various credits, especially commercial and residential acquisition, development and construction loans could occur. Nonperforming loans could increase as a result.

In addition to the increases in nonperforming assets, market factors contributed to a 19.9% increase in accruing loans 90 days or more past due from $16.5 million at year-end 1991 to $19.8 million at March 31, 1992 and an additional 12.5% increase during the second quarter of 1992 to $22.3 million. Restructured loans were $1.6 million at December 31, 1991, but decreased 83.7% to $266,000 at June 30, 1992.

The Federal Reserve's examination of the Company in early 1992 did not require any material changes from the Company's internal loan classifications. The Federal Reserve will conduct a follow-up limited examination of the Bank's major commercial and real estate loans in the fourth quarter of 1992.

The allowance for loan losses at June 30, 1992 was $81.3 million, or 2.18% of loans, compared to $61.0 million, or 1.69% of loans, at year-end 1991 and $62.3 million, or 1.70% of loans, at June 30, 1991. Net charge-offs for the six months were $28.4 million, or 1.56% of average loans on an annualized basis, compared to $16.2 million for the six months ended June 30, 1991 (.90% of average loans on an annualized basis).

The allowance for loan losses represents management's estimate of an amount adequate in relation to the risk of future losses inherent in the loan portfolio. In assessing the adequacy of the allowance, management relies predominately on its ongoing review of the loan portfolio, which is undertaken both to ascertain whether there are probable losses to be charged off and to assess the risk characteristics of the portfolio in the aggregate. Among other factors, management considers the Company's loan loss experience, the amount of past due and nonperforming loans, current and anticipated economic conditions, and the estimated current values of collateral securing loans in assessing the level of the allowance for loan losses.

While it is the Company's policy to charge off in the current period loans in which a loss is considered probable, there are additional risks of future losses which cannot be quantified precisely or attributed to particular loans or classes of loans. Because these risks include the state of the economy as well as conditions affecting individual borrowers, management's judgment of the allowance is necessarily approximate and imprecise. It is also subject to regulatory examinations and determinations as to adequacy, which may take into account such factors as the methodology used to calculate the allowance for loan losses and the size of the allowance for loan losses in comparison to a peer group identified by the regulatory agencies. See "Supervision and Regulation."

The following table shows the nonperforming assets and past due loans at the dates indicated:

	June 30, 1992		December 31, 1991
		(In thousands)	
Nonaccrual loans:			
Commercial	$ 39,695		$15,110
Construction	45,325		20,469
Installment	233		274
Total nonaccrual loans	85,253		35,853
Foreclosed properties	30,972		33,383
Total nonperforming assets	$116,225		$69,236
Nonperforming assets to loans and foreclosed properties	3.09%		1.90%
Allowance to nonaccrual loans	95.36%		170.14%
Allowance to nonperforming assets	69.95%		88.10%
Accruing loans past-due 90 days or more:			
Commercial and construction	$ 15,904		$ 8,542
Real estate	415		306
Installment	2,321		3,300
Bank card	3,628		4,363
Total accruing loans past-due 90 days or more	$ 22,268		$16,511
Restructured loans	$ 266		$ 1,635

The following tables show the distribution of all loans and nonperforming assets in the Company's market regions at the dates indicated:

June 30, 1992	Capital Region	Eastern Region	Northern Region	Western Region	Southwestern Region	Total
			(In thousands)			
Total Loans	$767,420	$970,141	$654,119	$919,560	$415,145	$3,726,385
Nonperforming Assets:						
Nonaccrual loans:						
Land acquisition and development:						
Commercial	$ —	$ 91	$ 6,406	$ —	$ 29	$ 6,526
Residential	3,215	—	33,074	—	—	36,289
Residential real estate	19	1,431	143	478	622	2,693
Commercial real estate	—	339	2,278	—	—	2,617
Commercial and industrial	1,335	5,436	23,512	1,835	5,010	37,128
Total nonaccrual loans	4,569	7,297	65,413	2,313	5,661	85,253
Foreclosed properties:						
Land acquisition and development:						
Commercial	2,103	600	—	100	—	2,803
Residential	2,073	80	4,282	—	—	6,435
Residential real estate	—	1,555	6,666	—	—	8,221
Commercial real estate	2,501	3,865	4,247	—	—	10,613
Other	101	1,420	549	197	633	2,900
Total foreclosed properties	6,778	7,520	15,744	297	633	30,972
Total nonperforming assets	$ 11,347	$ 14,817	$ 81,157	$ 2,610	$ 6,294	$ 116,225
Nonperforming assets to loans and foreclosed properties	1.47%	1.52%	12.12%	.28%	1.51%	3.09%

December 31, 1991	Capital Region	Eastern Region	Northern Region	Western Region	Southwestern Region	Total
			(In thousands)			
Total Loans	$780,975	$945,313	$636,073	$868,760	$388,097	$3,619,218
Nonperforming Assets:						
Nonaccrual loans:						
Land acquisition and development						
Commercial	$ 2,188	$ 85	$ —	$ —	$ —	$ 2,273
Residential	—	—	11,803	—	250	12,053
Residential real estate	70	483	—	—	—	553
Commercial real estate	—	2,397	—	124	77	2,598
Commercial and industrial	1,258	7,386	5,255	1,106	3,371	18,376
Total nonaccrual loans	3,516	10,351	17,058	1,230	3,698	35,853
Foreclosed properties:						
Land acquisition and development:						
Commercial	—	—	—	100	—	100
Residential	2,334	100	12,880	—	—	15,314
Residential real estate	140	306	416	34	152	1,048
Commercial real estate	2,606	4,252	4,867	—	—	11,725
Other	—	1,058	3,344	162	632	5,196
Total foreclosed properties	5,080	5,716	21,507	296	784	33,383
Total nonperforming assets	$ 8,596	$ 16,067	$ 38,565	$ 1,526	$ 4,482	$ 69,236
Nonperforming assets to loans and foreclosed properties	1.09%	1.69%	5.86%	.18%	1.15%	1.90%

Capital Resources

The Company's risk-based capital and leverage ratios exceeded the Federal Reserve's minimum guidelines at June 30, 1992. The Company's total risk-based capital was $505.4 million at June 30, 1992, compared to $474.6 million at year-end 1991 and $428.7 million at year end 1990. The ratio of total risk-based capital to risk-weighted assets was 10.55% at June 30, 1992 compared to 10.60% and 9.46% at December 31, 1991 and 1990, respectively. The improvement in this ratio from year-end 1990 was due to continuing flat demand for loans with relatively high risk-weightings and increases in residential first mortgages and other assets with relatively low risk-weightings. At June 30, 1992, the Company's leverage ratio was 6.34%, compared to 6.59% and 6.50% at December 31, 1991 and 1990, respectively. At June 30, 1992, the Bank's total risk-based capital and leverage ratios were 10.16% and 6.10%, respectively.

Item 6. Exhibits and Reports on Form 8-K.

A. Exhibits:

11. Statement re computation of per share earnings—filed herewith.

20. June 30, 1992 Quarterly Report furnished to security holders—filed herewith.

B. Reports on Form 8-K:

There were no reports on Form 8-K filed during the second quarter ended June 30, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CENTRAL FIDELITY BANKS, INC.
(Registrant)

Date: July 22, 1992

James F. Campbell
Senior Vice President & Controller
(duly authorized officer)

Date: July 22, 1992

Charles W. Tysinger
Senior Vice President and Treasurer
(principal financial officer)

Exhibit 11

Central Fidelity Banks, Inc. and Subsidiaries

Statement re computation of per share earnings

	For the Three Months ended June 30,		For the Six Months ended June 30,	
	1992	1991	1992	1991
	(In thousands)			
Earnings:				
Net income	$19,864	$15,198	$35,616	$29,893
Shares:				
Weighted average number of common shares used in computing primary earnings per share	21,929	21,547	21,901	21,513
Dilutive stock options—based on treasury stock method	445	322	471	221
Weighted average number of common shares used in computing fully diluted earnings per share	22,374	21,869	22,372	21,734
Earnings per share:				
Primary earnings per share	$ .91	$ .71	$ 1.63	$ 1.39
Fully diluted earnings per share	$ .89	$ .69	$ 1.59	$ 1.38

Exhibit 20

Central Fidelity

"EARNINGS

PER SHARE

INCREASED 28.2%

DURING

SECOND

QUARTER"

Central Fidelity

Central Fidelity Banks, Inc.
Post Office Box 27602
Richmond, Virginia 23261

CENTRAL FIDELITY BANKS, INC.

Additional Information

Analysts, investors and others interested in obtaining information about Central Fidelity Banks, Inc. are asked to contact William F. Shumadine, Jr., President, Central Fidelity Bank (direct telephone: (804) 697-6744)

News media representatives and others seeking general information should contact Peggy Cummings, Public Relations Manager (direct telephone: (804) 697-7261)

Corporate Headquarters

1021 East Cary Street
Post Office Box 27602
Richmond, Virginia 23261
Telephone: (804) 782-4000

Transfer and Dividend Disbursing Agent

Central Fidelity Bank
Post Office Box 27602
Richmond, Virginia 23261

Common Stock

The common stock of Central Fidelity Banks, Inc. is traded in the national over-the-counter (OTC) market and is quoted through the National Market System of NASDAQ under the symbol CFBS

Automatic Dividend Reinvestment Plan

The Automatic Dividend Reinvestment Plan offers shareholders an opportunity to reinvest cash dividends in shares of common stock. Shareholders may also make additional cash payments ranging from a minimum of $25 to a maximum of $10,000 per month. Administrative expenses, including brokerage commissions, if any, are borne by the Company.

Central Fidelity Bank

Capital Region

Richmond, Henrico County, Chesterfield County, Hanover County, Petersburg, Colonial Heights, Hopewell

Eastern Region

Norfolk, Hampton, Newport News, Portsmouth, Smithfield, Suffolk, Virginia Beach, Williamsburg, Accomack County, York County, Poquoson, Hayes, Chesapeake

Northern Region

Fairfax County, Arlington County, Alexandria, Herndon, Manassas, Prince William County, Culpeper, Fredericksburg, Spotsylvania County, Stafford County

Western Region

Lynchburg, Altavista, Amelia, Amherst, Appomattox, Bedford, Blackstone, Brookneal, Buena Vista, Charlottesville, Chase City, Chatham, Clarksville, Drakes Branch, Farmville, Halifax, Kenbridge, Monroe, Natural Bridge, Rustburg, Albemarle County, Nelson County, Emporia, Jarratt

Southwestern Region

Abingdon, Blue Ridge, Buchanan, Chilhowie, Christiansburg, Blacksburg, Radford, Roanoke, Salem, Troutville, Roanoke County, Smyth County, Washington County, Franklin County, Vinton

CONSOLIDATED FINANCIAL HIGHLIGHTS

Central Fidelity Banks, Inc. and Subsidiaries

(In thousands, except share and per share data)	For the three months ended June 30, 1992	1991	Change	For the six months ended June 30, 1992	1991	Change
Results Of Operations						
Net interest income	$ 71,555	$ 59,999	19.3%	$ 137,431	$ 116,700	17.8%
Net income	19,864	15,198	30.7	35,616	29,893	19.1
Per Share Data						
Net income	$ .91	$ .71	28.2%	$ 1.63	$ 1.39	17.3%
Shareholders' equity	20.79	18.80	10.6	20.79	18.80	10.6
Balance At Quarter-End						
Assets	$7,112,539	$6,291,855	13.0%	$7,112,539	$6,291,855	13.0%
Loans	3,726,385	3,668,674	1.6	3,726,385	3,668,674	1.6
Securities	2,756,486	1,900,268	44.0	2,756,486	1,900,268	44.0
Deposits	5,662,964	5,014,121	12.9	5,662,964	5,014,121	12.9
Shareholders' equity	456,245	405,567	12.5	456,245	405,567	12.5
Shares outstanding	21,946,065	21,571,085	1.7	21,946,065	21,571,085	1.7
Average Daily Balance						
Assets	$7,020,095	$6,054,874	15.9%	$6,786,048	$5,906,570	14.9%
Loans	3,673,900	3,612,671	1.7	3,642,645	3,592,789	1.4
Securities	2,784,131	1,826,510	52.4	2,566,020	1,705,849	50.4
Deposits	5,615,707	4,851,737	16.2	5,455,408	4,709,809	15.8
Shareholders' equity	450,363	401,364	12.2	443,308	393,903	12.5
Shares outstanding	21,929,103	21,546,657	1.8	21,900,864	21,513,271	1.8
Ratios						
Net income (annualized) as a percentage of						
Average shareholders' equity	17.64%	15.15%	16.4%	16.07%	15.18%	5.9%
Average total assets	1.13	1.00	13.0	1.05	1.01	4.0
Allowance for loan losses as a percentage of loans	2.18	1.70	28.2	2.18	1.70	28.2
Risk-based capital*	10.55	9.97	5.8	10.55	9.97	5.8

COMMON STOCK PERFORMANCE AND DIVIDENDS

	Common Stock Prices 1992 High	1992 Low	1991 High	1991 Low	Dividends Per Share 1992	1991
First Quarter	$39.13	$34.75	$19.63	$13.44	$ .28	$ .25
Second Quarter	38.75	34.00	25.13	19.50	.31	.28
Third Quarter			26.75	24.63		.28
Fourth Quarter			26.25	25.75		.28

*Third guidelines

TO OUR SHAREHOLDERS, CUSTOMERS AND FRIENDS:

Sluggish economic conditions and problems within real estate markets persisted during the second quarter of 1992 creating a difficult environment for most commercial banks. Under these conditions, we are pleased to report that Central Fidelity achieved record earnings for the quarter and the six months ended June 30, 1992.

Net income for the second quarter increased 30.7% to $19,864,000 compared with $15,198,000 for the comparable period in 1991. Net income per share for the quarter was $.91 versus $.71 in 1991, an increase of 28.2%.

For the first six months of 1992, net income was $35,616,000 or $1.63 per share versus $29,895,000 or $1.39 in the first half of 1991. This represented increases of 19.1% in net income and 17.3% in earnings per share.

Total assets as of June 30, 1992 were $7,112,539,000, representing growth of 13.0% from a year earlier. Total loans for the period rose a modest 1.6% to $5,726,385,000 while total deposits rose 12.9% to $5,662,964,000. Shareholders' equity at quarter-end was $456,245,000 or 6.4% of total assets. The book value per common share was $20.79 compared with $18.80 on June 30, 1991.

The Company recently adopted a revised securities accounting policy in accordance with guidelines suggested by the Securities and Exchange Commission. This resulted in $775 million of investment securities being classified as available for sale at June 30, 1992. Concurrent with this change, the December 31, 1991 and March 31, 1992 balance sheets were restated to reflect the reclassification of $1.179 billion and $1.134 billion, respectively, of investment securities as securities available for sale. For the period ended December 31, 1991, these changes had no impact on the Company's income statement. The subsequent adjustment to the March 31, 1992 statement reduced net income by $1,222,000 for that period, but increased net income for the three months ended June 30, 1992 by the same amount. Consequently, the reclassification had no impact on the income statement for the six months ended June 30, 1992.

The Company's return on average total assets for the six month period was 1.04% versus 1.01% for the comparable 1991 period. The return on average shareholders' equity was 16.07% for 1992, up from 15.18% for the first half of 1991.

Net interest income for the second quarter of 1992 increased 10.4% to $77,555,000. On a tax equivalent basis, the net interest margin was 4.56% versus 4.91% in the second quarter of 1991.

Noninterest income for the second quarter of 1992, excluding gains on securities sales, increased 17.9% to $16,943,000. Included in this increase was a $1.4 million gain from the sale of the Company's bankcard merchant accounts. The increase in gains on securities sales totalled $[illegible] during the quarter resulting in net reductions in noncurrent assets [illegible]

[illegible] securities.

[illegible] during the quarter [illegible]

Nonperforming assets as of June 30, 1992 were $116,225,000 or 1.63% of total assets compared to $95,217,000 or 1.38% at the end of the first quarter and $84,473,000 or 1.44% at the same date last year. The increase in nonperforming loans reflects the continued weakness in real estate sales and values in the Northern Virginia markets.

The allowance for loan losses at quarter-end was $81,500,000 or 2.18% of loans compared to $69,500,000 or 1.92% of loans at March 31, 1992 and $62,340,000 or 1.70% of loans at the end of the second quarter in 1991.

Net loan charge-offs for the quarter were $21,764,000, representing 2.37% of average loans on an annualized basis compared to $8,640,000 or .96% of average loans for the second quarter of 1991. For the six months ended June 30, 1992, net charge-offs were $28,647,000 or 1.56% of average loans compared to $16,166,000 or .90% of average loans for 1991.

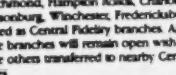
On June 26, 1992, the Company was notified by the Resolution Trust Corporation that it was the successful bidder for the $871 million insured core deposit franchise of Investors Federal Savings Bank. On July 13, 1992, Investors' 47 offices in Richmond, Hampton Roads, Charlottesville, Lynchburg, Harrisonburg, Winchester, Fredericksburg and Franklin opened as Central Fidelity branches. Approximately one half of the branches will remain open with the deposit accounts of the others transferred to nearby Central Fidelity branch offices.

On May 13, 1992, your Board of Directors voted to increase the quarterly cash dividend by 10.7% to $.31 per share for an annualized rate of $1.24. This dividend, paid July 1, 1992, represents the sixteenth increase in the past thirteen years and reflects adherence to our philosophy of sharing growth in earnings with our shareholders.

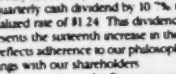
During the quarter, the Company announced the retirement of Richard J. Davis, a founding member of the Board of Directors. Mr. Davis served the Company with distinction for which we are grateful, and his guidance and counsel were instrumental in our success.

We take special pride in the achievements of our 3,200 employees who have performed admirably during this challenging environment. It is through their dedication and hard work that we face the remainder of the year with confidence.

Sincerely,



Carroll L. Saine
Chairman of the Board



James W. Miller, Jr.

CONSOLIDATED BALANCE SHEET

Central Fidelity Banks, Inc. and Subsidiaries

(In thousands) June 30,	1992	1991
Assets		
Cash and due from banks	$ 252,865	$ 187,154
Money market investments:		
Federal funds sold and securities purchased under agreements to resell	154,582	293,499
Interest-bearing deposits in other banks	—	20,000
Total money market investments	154,582	313,499
Investment securities:		
U.S. Government and agencies	1,365,920	1,415,056
States and political subdivisions	179,779	211,021
Other	418,226	274,191
Total investment securities (market value $2,013,091 in 1992, $1,901,480 in 1991)	1,963,925	1,900,268
Securities available for sale (market value $784,666 in 1992)	772,561	—
Trading account securities	449	317
Loans	3,726,585	3,668,674
Allowance for loan losses	(81,500)	(62,340)
Net loans	3,645,085	3,606,334
Accrued interest receivable	51,407	56,853
Premises and equipment, net	138,222	138,966
Due from customers on acceptances	13,424	8,323
Other assets	140,019	90,141
Total assets	$7,112,539	$6,291,855
Liabilities		
Deposits:		
Demand	$ 768,303	$ 627,206
Savings and other time	4,572,642	3,975,615
Certificates of deposit $100,000 and over	322,019	411,300
Total deposits	5,662,964	5,014,121
Short-term borrowings:		
Federal funds purchased and securities sold under agreements to repurchase	888,271	690,057
Other short-term borrowings	27,971	71,275
Total short-term borrowings	916,242	761,332
Dividends payable	6,801	6,034
Accrued interest payable	17,001	24,064
Bank acceptances outstanding	13,424	8,323
Accounts payable and accrued liabilities	17,556	45,284
Long-term debt	12,554	16,624
Capitalized lease obligations	9,752	10,506
Total liabilities	6,656,294	5,886,288
Shareholders' Equity		
Common stock, par value $4 per share; authorized [illegible] shares; shares issued 1992 — 27,[illegible]; 1991 — 27,[illegible]	109,730	107,855
Capital surplus	66,249	56,500
Retained earnings	282,266	241,212
Total shareholders' equity	456,245	405,567
Total liabilities and shareholders' equity	$7,112,539	$6,291,855

STATEMENT OF CONSOLIDATED INCOME

Central Fidelity Banks, Inc. and Subsidiaries

(In thousands, except share and per share data)	For the three months ended June 30, 1992	1991	For the six months ended June 30, 1992	1991
Income From Earning Assets				
Interest and fees on loans	$ 89,151	$ 98,977	$178,820	$198,029
Interest on investment securities				
U.S. Government and agencies	24,127	29,248	39,931	54,113
States and political subdivisions (tax-exempt)	2,542	3,275	5,376	6,758
Other	5,565	6,097	9,041	11,555
Interest on securities available for sale	19,738	—	43,664	138
Interest on money market investments	995	3,211	2,288	6,776
Interest on trading account securities	10	35	28	189
Total income from earning assets	142,128	140,843	279,148	277,558
Interest Expense				
Interest on deposits	61,960	69,302	125,444	137,458
Interest on federal funds purchased and securities sold under agreements to repurchase	7,789	10,353	14,583	20,794
Interest on other short-term borrowings	228	454	494	1,156
Interest on long-term debt	383	506	765	1,015
Interest on capitalized lease obligations	213	229	431	455
Total interest expense	70,573	80,844	141,717	160,858
Net interest income	71,555	59,999	137,431	116,700
Provision for loan losses	33,564	8,700	48,747	17,700
Net income from earning assets	37,991	51,299	88,684	99,000
Noninterest Income				
Trust income	3,084	2,762	6,205	5,433
Deposit fees and charges	7,113	6,790	14,175	13,313
Profits on securities available for sale and trading account securities	20,118	253	22,463	3,819
Investment securities gains (losses)	—	(1)	—	570
Other income	6,146	4,815	11,091	8,564
Total noninterest income	36,461	14,119	53,932	31,499
Noninterest Expense				
Personnel expense	24,641	23,601	49,195	47,779
Occupancy and equipment expense	9,060	8,797	18,328	17,660
FDIC insurance expense	2,858	2,152	5,675	5,971
Other real estate expense	183	618	674	1,559
Other expense	10,046	10,254	19,975	20,523
Total noninterest expense	46,788	45,507	93,849	91,292
Earnings				
Income before income taxes	27,664	20,019	48,771	39,207
Income tax expense	8,800	4,821	14,155	9,814
Net income	$ 19,864	$ 15,198	$ 34,616	$ 29,393
Earnings Per Share				
Net income	$ .91	$ .71	$ 1.64	$ 1.39
Average shares outstanding	21,920,104	21,540,057	21,080,864	21,151,271

AVERAGE BALANCES AND INTEREST RATES
(TAXABLE EQUIVALENT BASIS)

Central Fidelity Banks, Inc. and Subsidiaries

(In thousands) For the three months ended June 30,	1992			1991		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets						
Interest-earning assets:						
Loans:						
Commercial and commercial real estate	$1,522,218	$ 32,510	8.59%	$1,585,492	$ 39,625	10.02%
Construction	446,942	8,201	7.38	517,856	12,139	9.40
Residential real estate	362,977	9,139	10.13	210,855	6,588	12.15
Installment	747,763	19,913	10.71	728,964	20,665	11.37
Bank card	594,000	20,479	13.87	569,506	21,585	15.20
	3,673,900	90,242	9.88	3,612,671	100,402	11.15
Investment securities:						
U.S. Government and agencies	1,249,082	24,127	7.77	1,330,615	29,248	8.82
States and political subdivisions	195,435	4,222	8.64	218,101	5,247	9.62
Other	316,326	5,567	7.08	277,796	6,148	8.88
	1,760,841	33,916	7.75	1,826,510	40,643	8.93
Securities available for sale	1,023,290	19,738	7.76	—	—	—
Money market investments	100,182	995	3.99	201,267	3,211	6.40
Trading account securities	808	14	6.97	2,186	39	7.20
Total interest-earning assets	6,559,021	$144,905	8.89%	5,642,634	$144,295	10.26%
Noninterest-earning assets:						
Cash and due from banks	214,530			205,549		
Premises and equipment, net	138,092			138,280		
Other assets	189,752			132,751		
Allowance for loan losses	(81,500)			(62,340)		
Total assets	$7,020,095			$6,054,874		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
Interest checking	$ 479,598	$ 5,960	3.32%	$ 580,890	$ 9,141	4.36%
Regular savings	501,053	5,051	4.04	362,560	4,440	4.91
Consumer certificates	2,421,812	37,329	6.20	2,220,036	42,128	7.61
Money market accounts	1,177,469	11,010	3.76	899,819	12,510	5.49
Certificates of deposit $100,000 and over	334,509	4,630	5.57	382,959	6,283	6.58
Federal funds purchased and repos	878,853	7,789	3.56	732,068	10,353	5.67
Other short-term borrowings	27,012	228	3.39	35,408	454	5.15
Long-term debt	12,558	383	12.24	10,062	306	12.20
Capitalized lease obligations	9,814	213	8.76	10,562	229	8.67
Total interest-bearing liabilities	5,842,698	$ 73,593	4.86%	5,040,909	$ 85,844	6.85%
Noninterest-bearing liabilities:						
Demand deposits	701,266			585,495		
Other	28,768			27,108		
Total noninterest-bearing liabilities	730,034			612,603		
Shareholders' equity	447,363			401,364		
Total liabilities and shareholders' equity	$7,020,095			$6,054,874		
Net interest earnings		$ 71,312			$ 59,451	
Net interest spread			4.03%			4.41%
Net interest margin			4.36%			4.51%

AVERAGE BALANCES AND INTEREST RATES (TAXABLE EQUIVALENT BASIS)

Central Fidelity Banks, Inc. and Subsidiaries

(In thousands) For the six months ended June 30,	1992			1991		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets						
Interest-earning assets:						
Loans:						
Commercial and commercial real estate	$1,522,754	$ 65,632	8.67%	$1,579,745	$ 79,462	10.14%
Construction	457,702	17,060	7.50	518,210	24,751	9.62
Residential real estate	321,772	16,548	10.34	195,762	11,884	12.24
Installment	745,256	40,209	10.88	732,059	41,610	11.46
Bank card	597,181	41,574	14.00	567,015	43,189	15.36
	3,642,645	181,023	9.99	3,592,789	200,896	11.27
Investment securities:						
U.S. Government and agencies	1,011,720	39,931	7.94	1,215,904	54,115	8.97
States and political subdivisions	199,264	8,813	8.85	221,150	10,772	9.76
Other	250,902	9,044	7.25	265,247	11,655	8.86
	1,461,886	57,788	7.95	1,702,281	76,540	9.07
Securities available for sale	1,104,134	43,664	7.95	3,568	138	7.78
Money market investments	109,348	2,288	4.21	195,480	6,776	6.99
Trading account securities	997	39	7.86	5,375	198	7.42
Total interest-earning assets	6,319,010	$284,802	9.06%	5,499,493	$284,528	10.45%
Noninterest-earning assets:						
Cash and due from banks	220,588			196,469		
Premises and equipment, net	138,126			137,916		
Other assets	189,624			155,052		
Allowance for loan losses	(81,300)			(62,340)		
Total assets	$6,786,048			$5,906,570		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
Interest checking	$ 468,564	$ 8,263	3.55%	$ 370,557	$ 8,017	4.36%
Regular savings	459,254	9,396	4.11	354,955	8,043	4.91
Consumer certificates	2,416,388	77,012	6.41	2,153,804	82,500	7.72
Money market accounts	1,121,550	21,967	3.94	905,891	25,794	5.75
Certificates of deposit $100,000 and over	516,151	8,806	3.60	548,334	12,484	7.05
Federal funds purchased and repos	803,617	14,583	3.65	702,849	20,784	5.97
Other short-term borrowings	28,420	494	3.50	35,742	1,150	6.52
Long-term debt	12,563	665	12.24	16,650	1,013	12.41
Capitalized lease obligations	9,911	431	8.75	10,571	455	8.67
Total interest-bearing liabilities	$ 6,836,206	$141,717	4.06%	$ 6,007,353	$159,436	6.61%
Noninterest-bearing liabilities:						
Demand deposits	603,713			568,268		
Other	52,821			47,086		
Total noninterest-bearing liabilities	656,534			615,354		
Shareholders' equity	443,308			443,863		
Total liabilities and shareholders' equity	$6,786,048			$6,066,570		
Net interest earnings		$143,085			[illegible]	
Net interest spread			4.00%			3.84%
Net interest margin			4.46%			4.27%

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Coastal Fidelity Banks, Inc. and Subsidiaries

(In thousands) For the six months ended June 30, 1991	Common Shares	Common Stock	Capital Surplus	Retained Earnings	Total Shareholders Equity
Balance at beginning of period	14,555	$ 71,676	$55,590	$254,517	$381,585
Net income	—	—	—	29,895	29,895
Common stock issued for					
Exercise of stock options	25	115	200	—	315
Dividend Reinvestment Plans	25	113	555	—	668
Stock & Thrift Plan	32	160	805	—	965
Common stock purchased	(25)	(115)	(446)	—	(561)
Cash dividends declared on common stock	—	—	—	(11,475)	(11,475)
Change in valuation allowance for marketable equity securities	—	—	—	4,255	4,255
	—	—	—	(55,980)	(55,980)
Common stock issued for 3-for-2 stock split	7,181	35,904	—	—	—
Balance at end of period	21,571	$107,855	$56,500	$241,212	$405,567
For the six months ended June 30, 1992					
Balance at beginning of period	21,811	$109,055	$60,791	$259,579	$429,425
Net income	—	—	—	35,616	35,616
Common stock issued for:					
Exercise of stock options	49	241	661	—	902
Dividend Reinvestment Plan	39	199	1,291	—	1,490
Stock & Thrift Plan	47	237	1,506	—	1,743
Cash dividends declared on common stock	—	—	—	(12,929)	(12,929)
Balance at end of period	21,946	$109,750	$64,249	$282,266	$456,245

INTEREST SENSITIVITY ANALYSIS

(In thousands) June 30, 1992

	Total 1-90 Day Sensitive	Total 1-365 Day Sensitive	Total 1-365 Day Sensitive	Total 1-365 Day Sensitive
Interest-sensitive gap	$(681,464)	$(968,924)	$(1,185,964)	$(1,208,926)
Interest sensitive gap as a percentage of earning assets	(10.50)%	(14.94)%	(17.88)%	(18.87)%
Ratio of interest sensitive assets to interest sensitive liabilities	71 %	66 %	63 %	66 %

SELECTED LOAN LOSS DATA

Central Fidelity Banks, Inc. and Subsidiaries

(In thousands)	For the three months ended June 30, 1992	1991	For the six months ended June 30, 1992	1991
Balance at beginning of period	$ 69,500	$ 62,330	$ 61,000	$ 60,806
Provision charged to expense	33,564	8,700	48,747	17,700
	103,064	71,030	109,747	78,506
Loans charged off				
Commercial and commercial real estate	6,578	4,701	8,752	7,939
Construction	12,214	576	12,452	1,252
Installment	1,529	1,485	2,973	2,961
Bank card	4,259	4,072	8,617	7,479
Total charge-offs	24,580	10,834	32,844	19,511
Recoveries of loans previously charged off				
Commercial and commercial real estate	382	1,039	794	1,284
Construction	986	—	1,098	—
Residential real estate	—	1	—	1
Installment	678	536	1,324	977
Bank card	570	568	1,181	1,083
Total recoveries	2,616	2,144	4,397	3,345
Net charge-offs	21,764	8,690	28,447	16,166
Balance at end of period	$ 81,300	$ 62,340	$ 81,300	$ 62,340
Average loans	$3,675,900	$3,612,671	$3,642,645	$3,592,789
Loans at period-end	$3,726,385	$3,668,674	$3,726,385	$3,668,674
Ratio of provision for loan losses to average loans	3.64%	96%	2.68%	99%
Ratio of net charge-offs to average loans	2.37%	96%	1.56%	92%
Ratio of allowance for loan losses to loans at period end	2.18%	1.70%	2.18%	1.70%

DISTRIBUTION OF LOAN PORTFOLIO AND NONPERFORMING ASSETS BY REGION

Capital Fidelity Banks, Inc. and Subsidiaries

(In thousands) June 30, 1992	Capital Region	Eastern Region	Northern Region	Western Region	Southwestern Region	Consolidated
Loan Portfolio						
Commercial and commercial real estate	$256,418	$606,029	$234,862	$268,103	$202,953	$1,548,365
Construction	61,617	99,460	180,273	44,853	28,071	414,274
Residential real estate	52,980	52,098	74,219	180,512	57,052	416,861
Consumer second mortgage	61,022	73,872	62,663	161,808	36,112	395,477
Installment	163,401	75,683	19,885	204,808	80,136	543,913
Bank card	191,982	62,999	82,217	59,476	10,821	407,495
Loans*	$767,420	$970,141	$654,119	$919,560	$415,145	$3,726,585
Nonperforming Assets						
Nonaccrual loans						
Land acquisition and development						
Commercial	$ —	$ 91	$ 6,406	$ —	$ 29	$ 6,526
Residential	3,215	—	53,074	—	—	56,289
Residential real estate	19	1,431	143	478	622	2,693
Commercial real estate	—	339	2,278	—	—	2,617
Commercial and industrial	1,335	5,436	23,512	1,835	5,010	37,128
Nonaccrual loans	4,569	7,297	65,413	2,313	5,661	85,253
Foreclosed properties						
Land acquisition and development						
Commercial	2,103	600	—	100	—	2,803
Residential	2,073	80	4,282	—	—	6,435
Residential real estate	—	1,555	6,666	—	—	8,221
Commercial real estate	2,501	5,865	4,247	—	—	10,613
Other	101	1,420	569	197	633	2,900
Foreclosed properties	6,778	9,520	15,744	297	633	30,972
Nonperforming assets	$ 11,347	$ 16,817	$ 81,157	$ 2,610	$ 6,294	$ 116,225
Ratio of nonperforming assets to loans and foreclosed properties	1.47%	1.72%	12.12%	.28%	1.51%	3.09%

*Includes nonaccrual loans

CENTRAL FIDELITY BANKS, INC.

Executive Officers

Carroll L. Saine
Chairman of the Board and
Chief Executive Officer

Lewis N. Miller, Jr.
President

William F. Shumadine, Jr.
President
Central Fidelity Bank

Philip G. Hug
Corporate Executive Vice President

John T. Perry, Jr.
Corporate Executive Vice President

Deborah J. Brooks
Corporate Executive Officer

James W. Koeniger
Corporate Executive Officer

Jay O. Livingston
Corporate Executive Officer

Maryann Moser
Corporate Executive Officer

William H. Pruitt
Corporate Executive Officer

Jane D. Sonds
Corporate Executive Officer

Kenneth W. Penner
President, Eastern Region

Rodger W. Pauley
President, Western Region

J. Carson Quarles
President, Southwestern Region

John L. Van Horn, II
President, Northern Region

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Management Consultant

Alvin R. Clemmons
Former Chairman of the Board
Central Fidelity Banks, Inc.

Robert C. Dawson
Former Chairman of the Board
Lawyers Title Insurance
Corporation

Pauline Allen Ellison
Consultant

Jack H. Ferguson
President and Chief
Executive Officer
Su-Deep, Inc.

Robert L. Freeman
Retired Certified
Public Accountant

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Vice President and Publisher
Emeritus
Carter Glass Newspapers, Inc.

Maurice Bassett Lane
Civic Leader

George R. Lewis
Vice President and Treasurer
Philip Morris Companies Inc.

G. Bruce Miller
President and Chief
Executive Officer
International Home
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President
Central Fidelity Banks, Inc.

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Counsel to Hunton & Williams
Former Chairman of the Board
Dominion Resources, Inc. and
Virginia Power

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President
University of Richmond

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Chairman of the Board and
President
Noland Company

William G. Reynolds, Jr.
Vice President—Government
Relations and Public Affairs
Reynolds Metals Company

Carroll L. Saine
Chairman of the Board and
Chief Executive Officer
Central Fidelity Banks, Inc.

William F. Shumadine, Jr.
President
Central Fidelity Bank

Kenneth S. Wilce
Attorney
Edmunds & Williams